

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 /128 W
-----107418 250057Z /73/17

O R 240854Z MAY 78 ZFF USNATO
FM AMCONSUL ISTANBUL
TO USMISSION USNATO NIACT IMMEDIATE
AMEMBASSY BRUSSELS IMMEDIATE
SECSTATE WASHDC 9980
AMEMBASSY ANKARA IMMEDIATE
INFO AMCONSUL ADANA
AMCONSUL IZMIR

C O N F I D E N T I A L ISTANBUL 1553

USMISSION USNATO FOR AMBASSADOR SPIERS

C O R R E C T E D C O P Y (FOR CHANGE OF CAPTION)

E.O. 11652: GDS
TAGS: BDIS, ENRG, EFIN, TU
SUBJ: MOBIL OIL PROBLEMS IN TURKEY

REF: A) ISTANBUL 1458; B) ISTANBUL 1467; C) ISTANBUL 1506

BEGIN LOU

1. MOBIL TURKEY PRESIDENT MARC CASANOVA RECEIVED FOLLOWING
REPLY (TRANSLATION FROM TURKISH BY MOBIL) TO MAY 10 CABLE
TO MINISTRY OF ENERGY BAYKAL (TEXT IN ISTANBUL 1458) ON
22 MAY; LETTER WAS DATED 17 MAY: QUOTE IN YOUR CABLE
DATED MAY 10, 1978, YOU HAVE INDICATED YOUR PROBLEMS AND
SUGGESTIONS RELATED TO YOUR FULFILMENT OF YOUR STATUTORY
RESPONSIBILITY CONCERNING OPERATION OF THE ATAS REFINERY
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AT FULL CAPACITY, AND YOU HAVE EMPHASIZED THE MEASURES THAT YOU
REQUEST OUR MINISTRY TO ADOPT.

AS YOU ARE AWARE, THE PROBLEMS CONCERNING FOREIGN
EXCHANGE PAYMENTS AND EXCHANGE RATE DIFFERENCES, AMONG THE
PROBLEMS IN QUESTION, ARE OF A GENERAL CHARACTER AND ARE
BEING TAKEN UP BY OUR MINISTRY OF FINANCE DEPENDING ON THE

CONDITIONS AND RESOURCES OF OUR COUNTRY, AND EFFORTS ARE MADE TOWARDS THEIR SOLUTION. AS TO THE PROBLEMS RELATED TO "REFINERY MARGINS" AND "PETROLEUM PRODUCTS PRICE STABILIZATION FUND" WHICH HAVE BEEN DEVELOPING AND CHANGING FOR A PERIOD LONGER THAN TWO AND A HALF YEARS, YOU ARE AWARE THAT THESE QUESTIONS CONCERN ALL THE REFINERIES ALSO.

IT WILL BE ENSURED THAT THE PREPARATIONS UNDERTAKEN BY OUR MINISTRY TO HELP SOLVE THESE PROBLEMS SHOULD, FROM NOW ON, BE ACCELERATED MORE, AND IN THESE EFFORTS YOUR SUGGESTIONS WILL BE TAKEN INTO CONSIDERATION AND THAT WHEN SUCH PREPARATIONS REACH THE REQUIRED LEVEL, THEY WILL BE BROUGHT TO AN EVALUATION BETWEEN THE MINISTRY OF FINANCE AND OTHERS CONCERNED.

HOWEVER, THE PREPARATIONS TOWARD THE SOLUTION OF THE PROBLEMS IN QUESTION THAT DIRECTLY AND INDIRECTLY CONCERN OUR MINISTRY ARE NOT SEEN TO BE OF A CHARACTER TO RELIEVE YOUR COMPANY OF THE RESPONSIBILITY CONCERNING THE OPERATION OF THE ATAS REFINERY AT FULL CAPACITY UNDER THE PETROLEUM LAW.

PLEASE BE ADVISED. DENIZ BAYKAL, MINISTER OF ENERGY AND NATURAL RESOURCES. END QUOTE.

2. ALSO RECEIVED ON 22 MAY WAS LETTER DATED 15 MAY FROM
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H. CETIN HACAOGLU, GENERAL DIRECTOR OF TREASURY IN MINISTRY OF FINANCE: QUOTE WE HAVE CONSIDERED YOUR CABLE DATED MAY 10, 1978.

IT IS STATED IN YOUR ABOVE MENTIONED CABLE THAT REMITTANCES COULD NOT BE MADE, AND THE PROBLEMS CONCERNING REFINERY MARGINS, EXCHANGE RATE DIFFERENCES AND PETROLEUM PRODUCTS PRICE STABILIZATION FUND WERE NOT SOLVED; NEVERTHELESS, YOU RECEIVED A WARNING FOR OPERATING THE ATAS REFINERY AT FULL CAPACITY UNDER ARTICLE 132 OF THE PETROLEUM LAW, AND THE PERIOD ALLOWED IN THE WARNING WOULD EXPIRE ON MAY 28, 1978.

AS YOU ARE AWARE, OUR COUNTRY HAS BEEN FACING DIFFICULTIES IN FOREIGN EXCHANGE PAYMENTS FOR SOME TIME, AND, ACCORDING TO THE AVAILABLE RESOURCES, REMITTANCES ARE BEING MADE UNDER A CERTAIN SYSTEM IN WHICH PRIORITY IS GIVEN TO BASIC COMMODITIES LED BY OIL. IN THIS FRAMEWORK, WE HAVE STRIVED TO EFFECT YOUR COMPANY'S REMITTANCES FOR OIL WITH THESE LIMITED RESOURCES.

SUBJECTS TAKEN UP IN YOUR CABLE AND SUCH OTHER SIMILAR

SUBJECTS MUST BE CONSIDERED ENTIRELY APART FROM THE RESPONSIBILITIES YOU HAVE ASSUMED UNDER THE PETROLEUM LAW.
VARIOUS ARTICLES OF THE PETROLEUM LAW HAVE CHARGED YOUR COMPANY WITH THE RESPONSIBILITY OF OPERATING YOUR REFINERY AT FULL CAPACITY. IT IS NOT POSSIBLE TO TAKE UP THIS RESPONSIBILITY IN CONJUNCTION WITH OTHER SUBJECTS AND TO ESTABLISH A RELATIONSHIP BETWEEN THEM.

PLEASE BE ADVISED. M. CETIN HACAOGLU, GENERAL DIRECTOR OF THE TREASURY END QUOTE.

3. COMMENT: THERE HAS BEEN SOME PROGRESS IN RECEIVING PAYMENT FOR MOBIL OIL IMPORTS. ABOUT NINE DAYS AGO THE COMPANY WAS GIVEN \$5 MILLION TRANSFER AUTHORIZATION OF
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WHICH \$2 MILLION HAS BEEN ACTUALLY RECEIVED. IN RESPONSE BOTH MOBIL AND BP HAVE EACH IMPORTED ANOTHER CARGO. END LOU

4. BEGIN CONFIDENTIAL: COMPANIES INTEND TO RESTORE ATAS REFINERY TO FULL PRODUCTION FOR FOUR DAYS WHICH WILL EXTEND OVER THE MAY 28 DEADLINE CONTAINED IN PETROLEUM DIRECTORATE LETTER OF FEBRUARY 27 REQUIRING COMPANY TO RESTORE FULL PRODUCTION OR FACE LOSS OF REFINING LICENSE. REFINERY HAS 9 DAYS STOCK OF CRUDE BUT WILL DROP TO 50 PERCENT PRODUCTION AFTER THE FOUR DAYS TO STRETCH OUR SUPPLIES. MOBIL HAS ALSO FOUND A GO-BETWEEN WITH ECEVIT, A PROMINENT TURKISH BUSINESSMAN WHO IS A CLOSE PERSONAL FRIEND OF THE PRIME MINISTER; AND CASANOVA HOPES THAT ECEVIT WILL FAVORABLY RESPOND IF HE HAS FULL FACTS OF SITUATION. CASANOVA IS CONVINCED THAT ENERGY MINISTER IS USING RELATIONS WITH FOREIGN-OWNED OIL COMPANIES TO ENHANCE HIS POLITICAL POSITION IN RPP AT EXPENSE OF ECEVIT AND THAT COMPANIES ECONOMIC INTERESTS AND EFFECTS ON TURKISH NATIONAL INTERESTS HAVE TO BE CONSIDERED AT THE PRIME MINISTER OR POLITICAL LEVEL. MOBIL IS DRAFTING REPLY TO LETTERS FROM ENERGY AND FINANCE MINISTRIES AND WILL GIVE US COPIES TODAY. END CONFIDENTIAL.

HOUGHTON

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